



POP Bank Group Investor Presentation

March 2022

Content overview

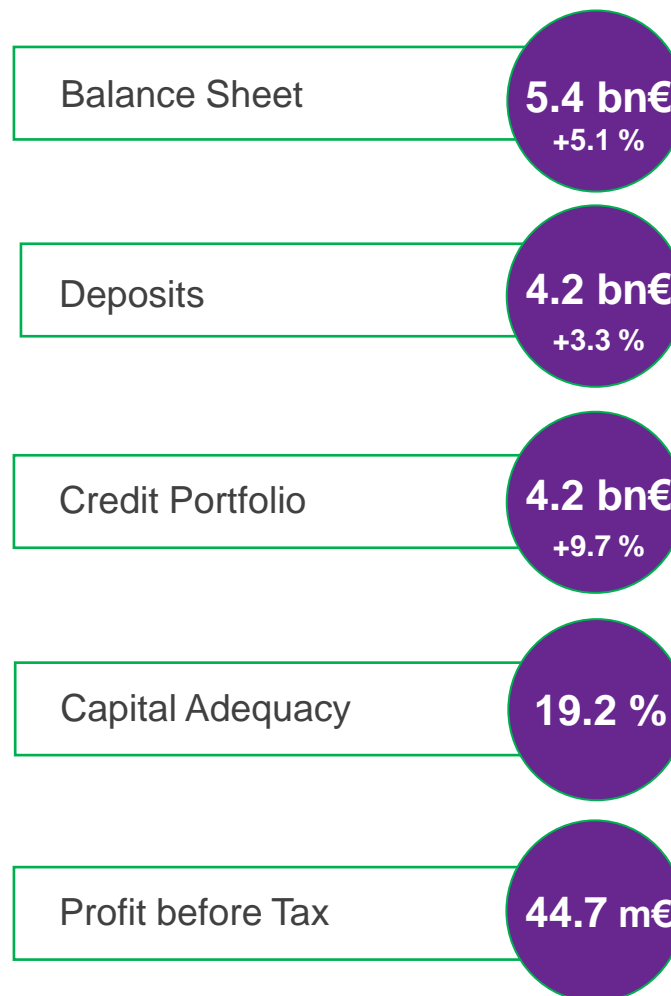
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POP Bank Group overview

GROUP TODAY

- The POP Bank Group is a Finnish financial group that offers retail banking services for private customers, small and medium-sized enterprises, in addition to providing private customers with non-life insurance services.
- Highest B2B and B2C customer satisfaction in the Nordic countries (EPSI Rating 2021)
- Very strong capital position: target to maintain CET1 Ratio > 17,5%
- Investment grade rating: BBB (S&P Global) with stable outlook
- Low risk and diversified loan portfolio
- 96 % of loan portfolio with residential or other real estate collateral
- Rapidly growing and fully digital insurance business driving new customer acquisition

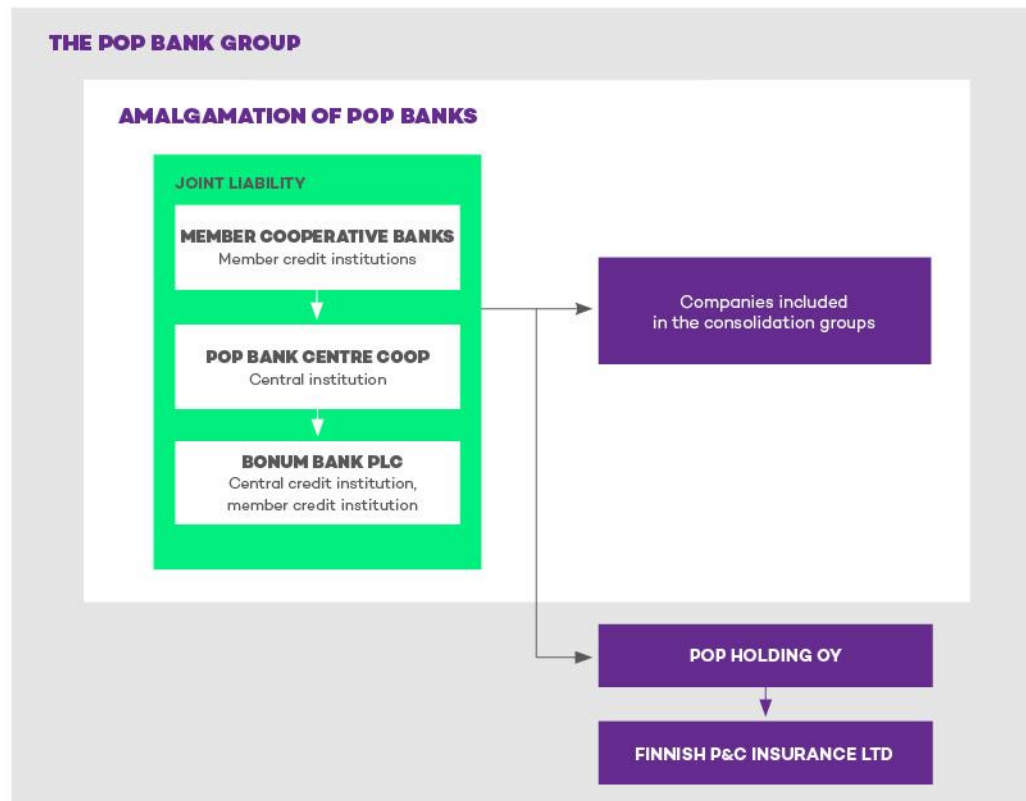
FINANCIAL HIGHLIGHTS 2021



POP Bank Group structure

21 INDEPENDENT BANKS WITH JOINT LIABILITY, CENTRAL CREDIT INSTITUTION AND DIGITAL P&C INSURANCE COMPANY – JOINT LIABILITY EXTENDS TO BONUM BANK PLC

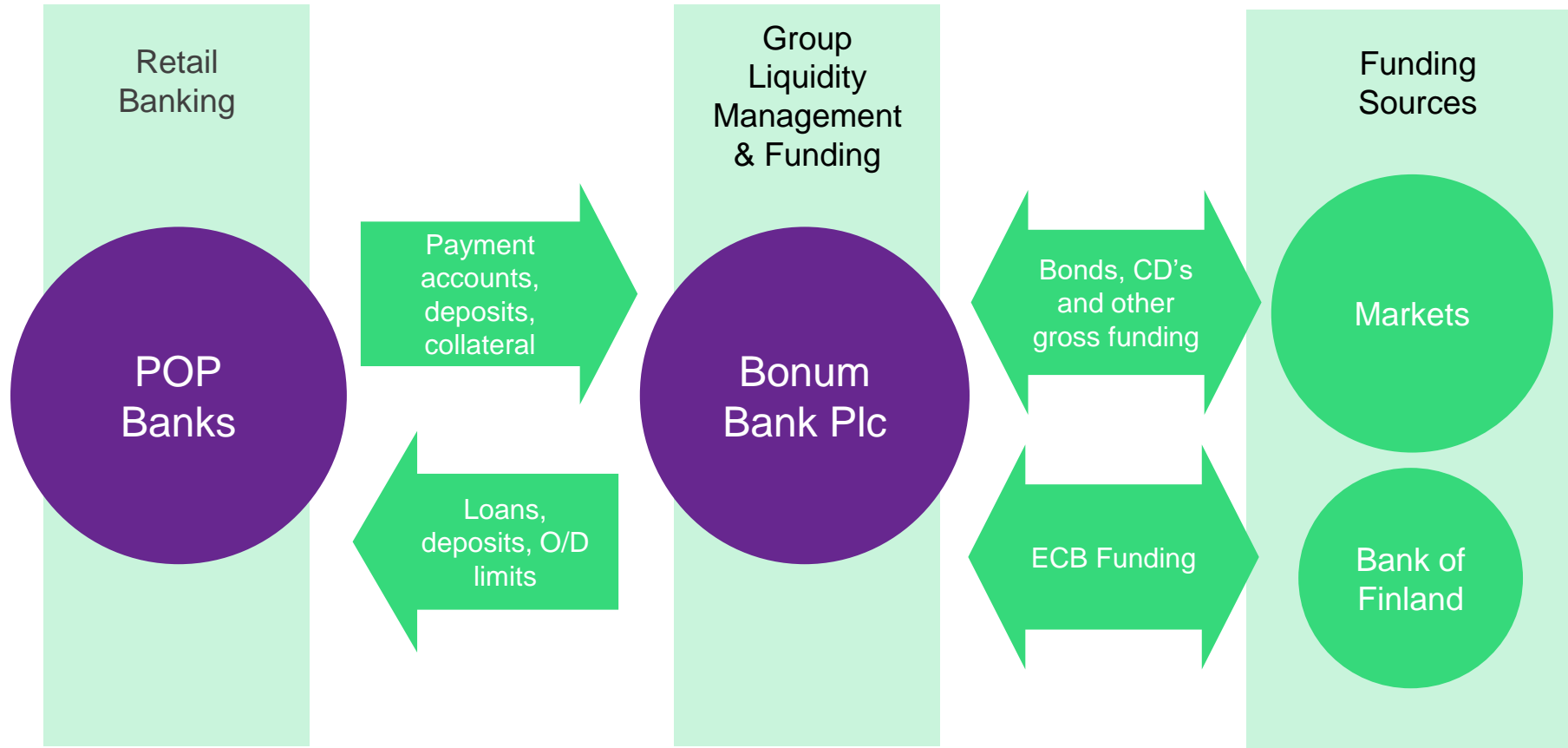
POP BANK GROUP STRUCTURE



- Amalgamation of POP Banks is based on the Act on the Amalgamation of Deposit Banks (2010/599)
- Amalgamation structure offers security to investors (joint liability of the entities)
- Amalgamation is binding: a bank departing the amalgamation will still be liable in accordance with the Act on the Amalgamation of Deposit Banks
- POP Bank Centre coop is the central institution of the group and is responsible for the group strategy and risk control
- Bonum Bank Plc offers funding to Member cooperative banks (POP Banks) and operates the internal bank

Bonum Bank Plc - POP Bank Group's internal bank

BONUM BANK PLC ACTS AS GROUPS' FUNDING VEHICLE



Key figures 1-12/2021



Operating Income
EUR 176.2
(124.0) million



Profit Before Tax
EUR 44.7
(13.4) million



CET 1 Capital Ratio
19.2
(19.9) per cent



Loan Portfolio
EUR 4.2
(3.9) billion



Net Interest Income
EUR 78.3
(74.1) million



Balance Sheet
EUR 5.4
(5.1) billion

POP Bank Group's key financials

SATISFIED CUSTOMERS, PROFITABLE AND WELL-CAPITALISED BANK BUSINESS AND RAPIDLY GROWING DIGITAL INSURANCE BUSINESS

Banking Segment		
2021 EUR 4.2bn deposits EUR 4.2bn loans EUR 40.4m profit before tax 19.2% CET1 ratio *) 19.2% total capital ratio *) 256,300 customers	2020 EUR 4.1bn deposits EUR 3.9bn loans EUR 11.3m profit before tax 19.9% CET1 ratio *) 19.9% total capital ratio *) 253,700 customers	2019 EUR 3.7bn deposits EUR 3.6bn loans EUR 23.8m profit before tax 19.8% CET1 ratio *) 19.9% total capital ratio *) 252,000 customers
Insurance Segment		
2021 EUR 45.8m insurance premium EUR 15.6m total operating income EUR 5.0m operating profit EUR 10.6m operating expenses 71.2% loss ratio 171,600 customers	2020 EUR 43.1m insurance premium EUR 12.5m total operating income EUR 2.4m operating profit EUR 10m operating expenses 73.1% loss ratio 156,500 customers	2019 EUR 42.5m insurance premium EUR 12.5m total operating income EUR 1.5m operating loss EUR 11.0m operating expenses 74.3% loss ratio 143,000 customers
POP Bank Group (Banking, Insurance, other functions)		
2021 EUR 5.4bn balance sheet EUR 44.7m profit before tax	2020 EUR 5.1bn balance sheet EUR 12.9m profit before tax	2019 EUR 4.5bn balance sheet EUR 26.1m profit before tax

*) Amalgamation of POP Banks

POP Bank at a glance

POP BANKS HAVE INCREASING CUSTOMER POTENTIAL IN GROWTH CENTERS AND CROSS-SELLING POTENTIAL WITH INSURANCE CUSTOMERS.



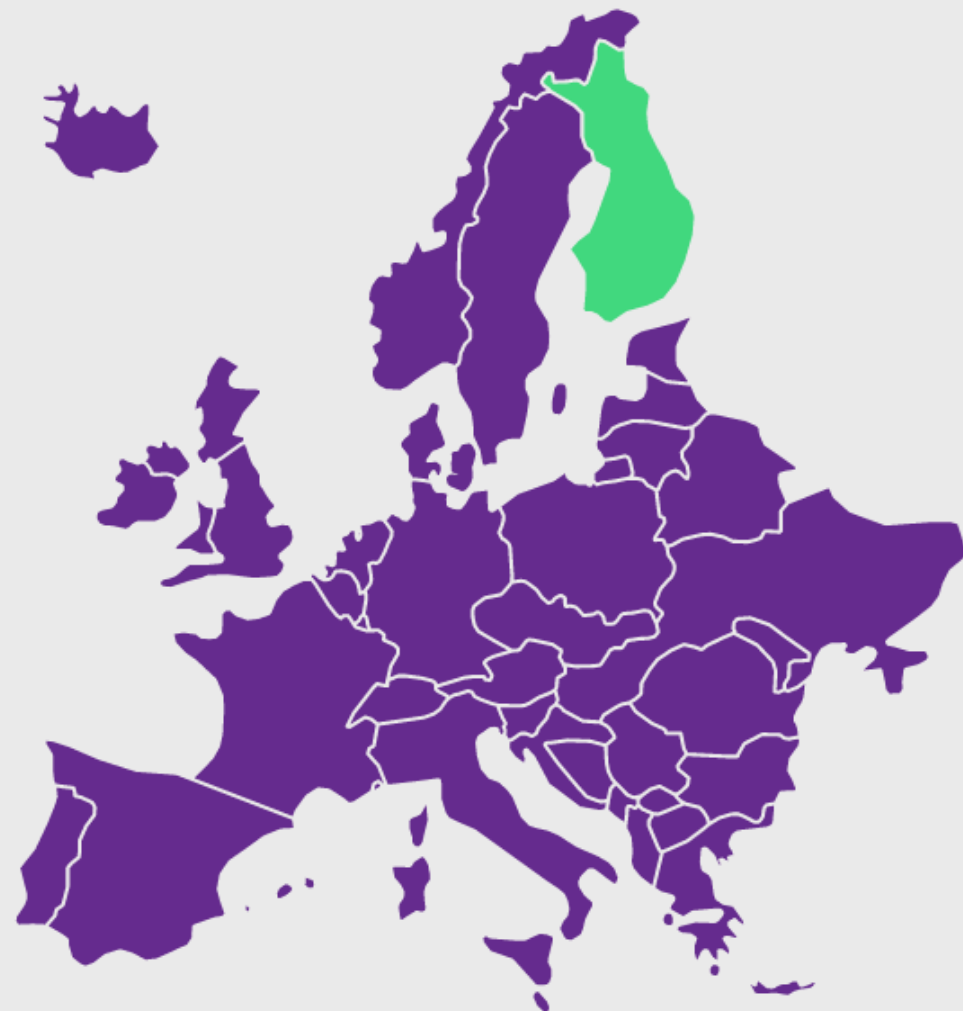
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Banks

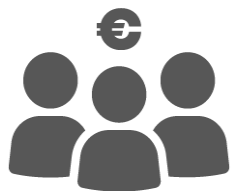


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Locations
and digital concepts
to provide service
nationally



Customers



256K

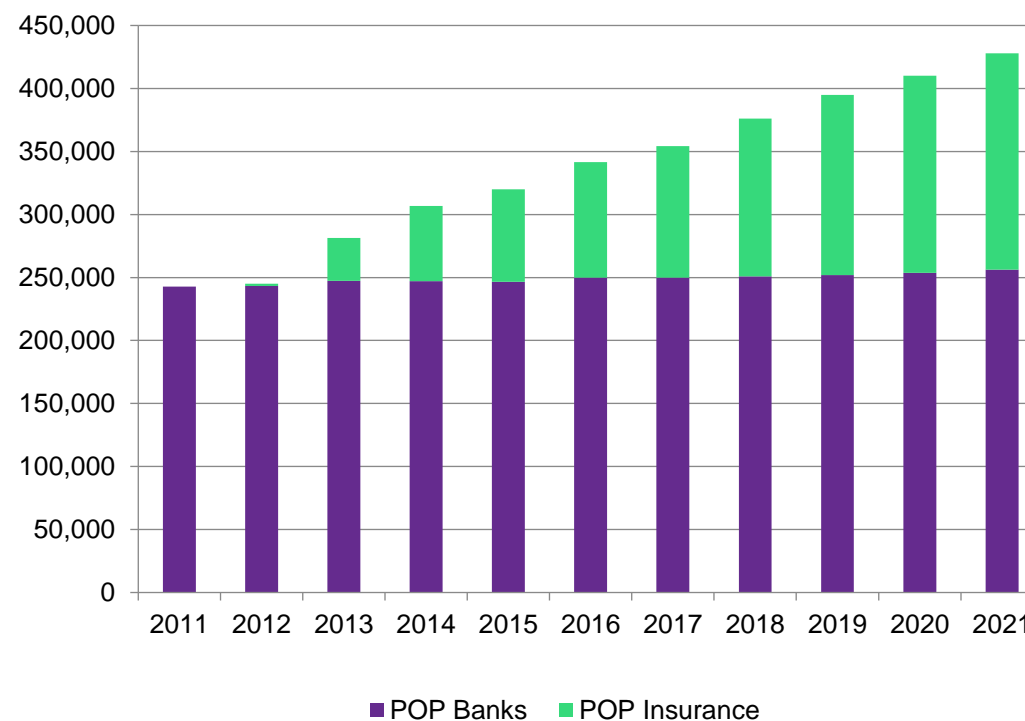
**Bank
Customers**



172K

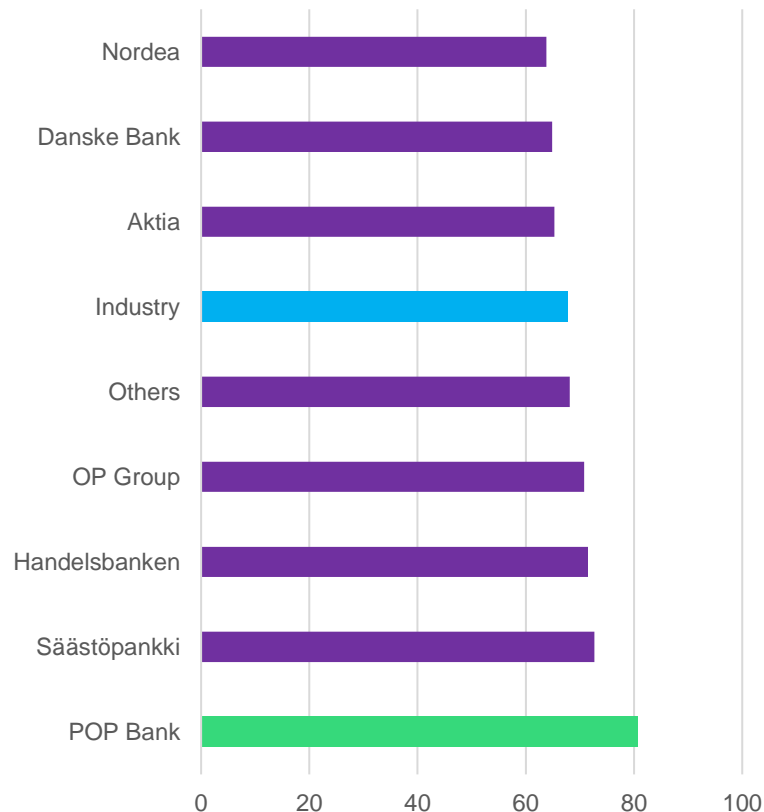
**Insurance
Customers**

Number of Customers

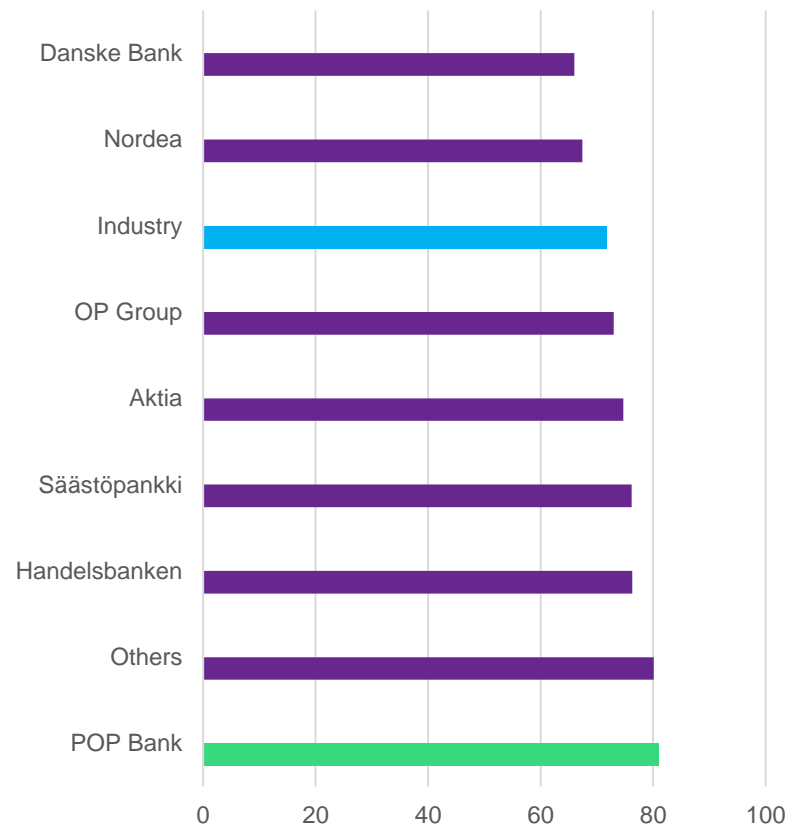


Leading position in customer satisfaction

Business Customer Satisfaction
Rating by EPSI Rating 2021



Private Customer Satisfaction
Rating by EPSI Rating 2021



POP Banks have the most satisfied customers in Finland and in the Nordic Countries 2011–2013 and 2015–2021 by independent 3rd party study, EPSI Rating.

POP Banks participated to B2B study first time in 2021.

POP Bank Group's mission, values and strategy

The Mission & Values

POP Bank's mission is to promote its customer's financial well-being and prosperity as well as local success. Our values are responsibility, customer orientation, profitability and bold renewal.

The Vision

The POP Bank Group's vision is to be a bank that combines personal and digital services, thus providing the highest level of customer satisfaction and a rapid decision-making process.

The Group focuses on building long-term customer relationships and continuously renewing its ways of working to ensure that its vision materialises through its customer service, product offering, pricing and operational efficiency.

The Strategy

The POP Bank Group's strategy focuses on investments in the management of personal and fully digital customer service situations, as well as on strengthening lending to companies and shifting the focus of operations to growth areas.

Long-Term Strategic Targets

Banks, Amalgamation level			
	Target	Year 2021	Year 2020
Cost-to-income ratio	<60 %	68.80 %	83.2
CET 1 ratio	17.50 %	19.20 %	19.90 %
Insurance			
	Target	Year 2021	Year 2020
Consolidated cost ratio	96.50 %	92.50 %	95.0 %

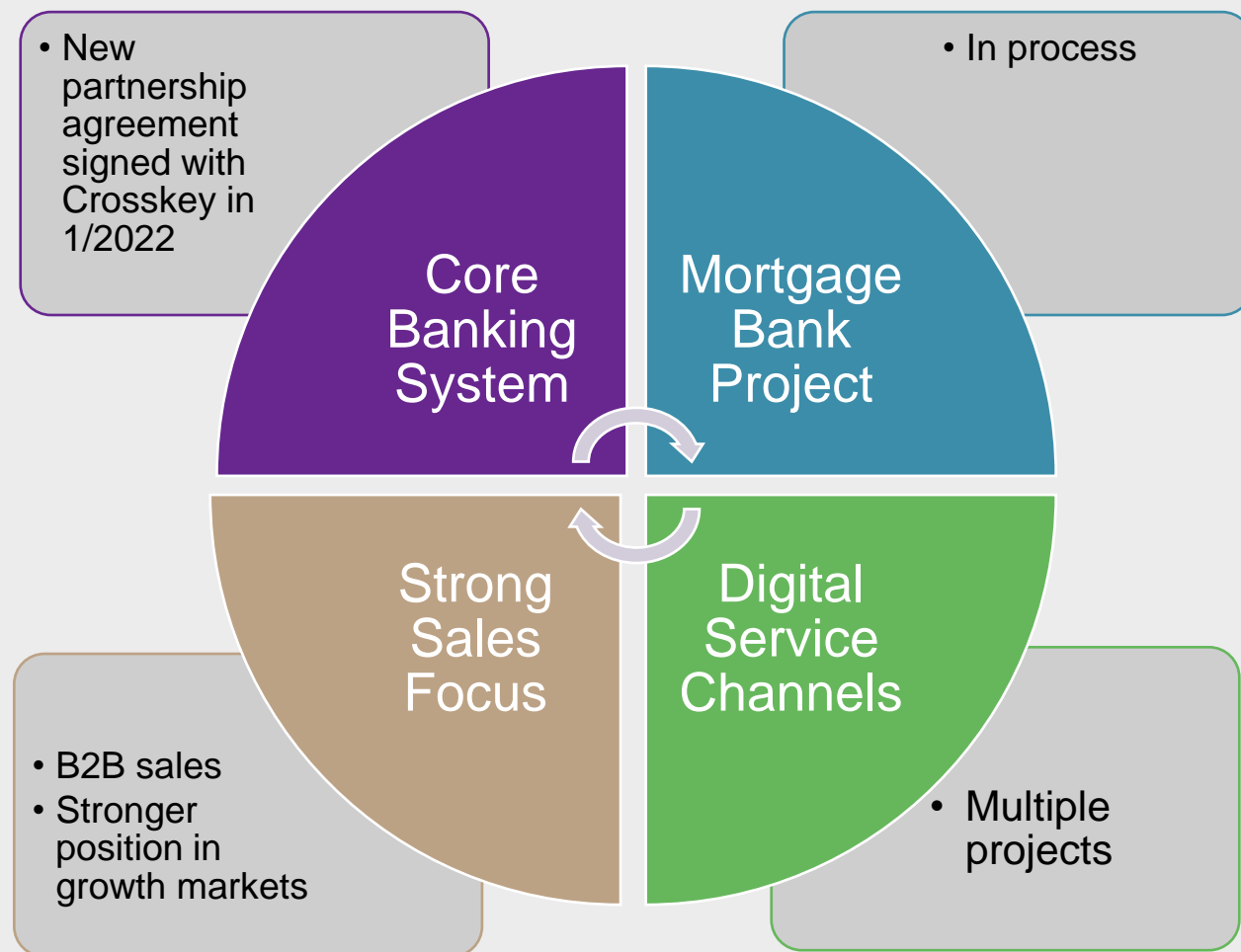
Focus areas

Group structure

POP Banks signed in 2021 an agreement on single-operator status. This provides the POP Bank Centre coop with steering power over the banks' business decisions, such as pricing, product selection and areas of operation. Two banks merged in Q1/2021; three banks announced their plan to merge in Q4/2021.

Core Banking System Reform

POP Bank signed in January 2022 a cooperation agreement with Crosskey on the renewal of its core banking system. POP Bank anticipates that it will introduce the new core banking system during 2025. The cooperation agreement has no immediate effect on the daily banking services offered by the Bank.



Digital development

Strong digital service focus, examples from 2021 and early 2022

- POP Banks have successful digital bank office concepts serving customers across the country. All POP Banks offer POP Verkkohetki, an online meeting possibility – the number of these sessions increased by over 40 per cent in 2021 compared to previous year.
- POP Bank introduced POP 'Lainalupaus', an automated housing loan proposal service that provides customers with quick responses to their loan applications. POP Lainalupaus supports the previously implemented 'electronic housing sales' process, together with the DIAS housing sales platform.
- POP Mobile was introduced with electronic signature possibility
- POP Bank offers Apple Pay & Google Pay to its card holders
- POP Bank strengthened the electronic authentication processes in their services, to prevent various types of fraud attempts.
- Progress was made in a project to implement a new payment monitoring system to prevent money laundering and fraud. In the future, the anti-money laundering measures of the Group's banks will be implemented centrally by Bonum Bank, using the new system.



Responsibility program

Themes of our responsibility program

Promoting sustainable financing and investing and thereby mitigating climate change

Transparent business operations

Supporting local success, vitality and well-being

Ensuring the equality of employees and promoting diversity and well-being at work

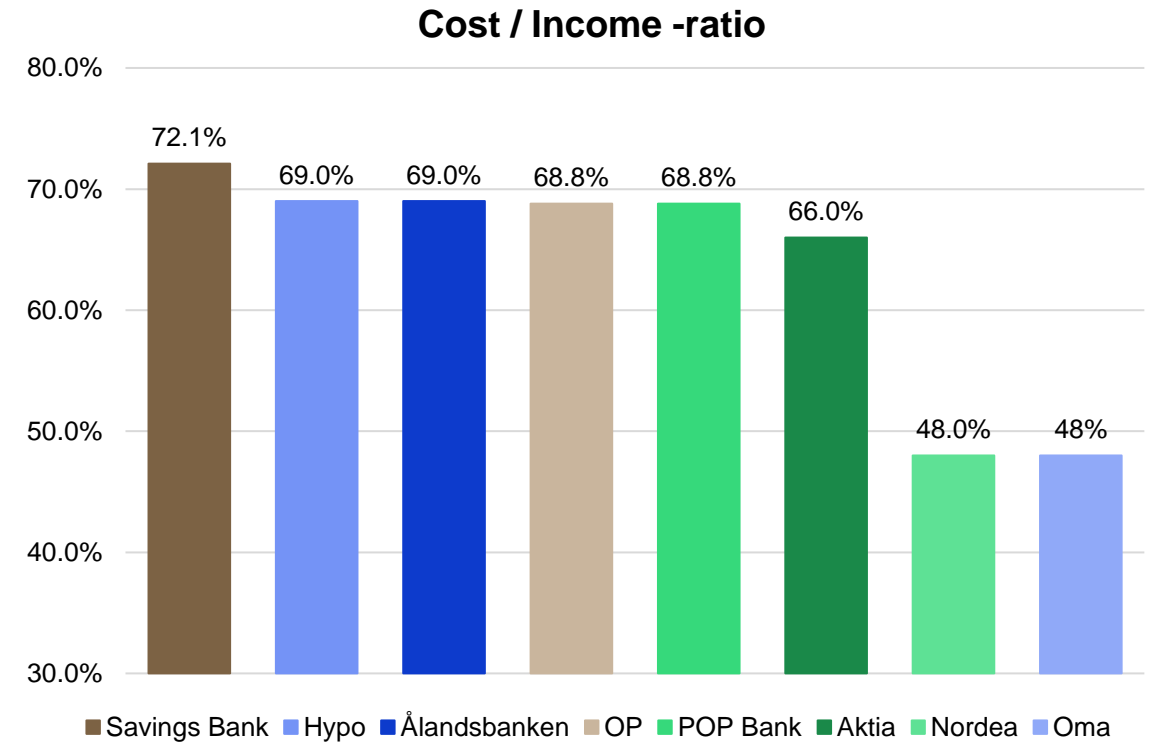
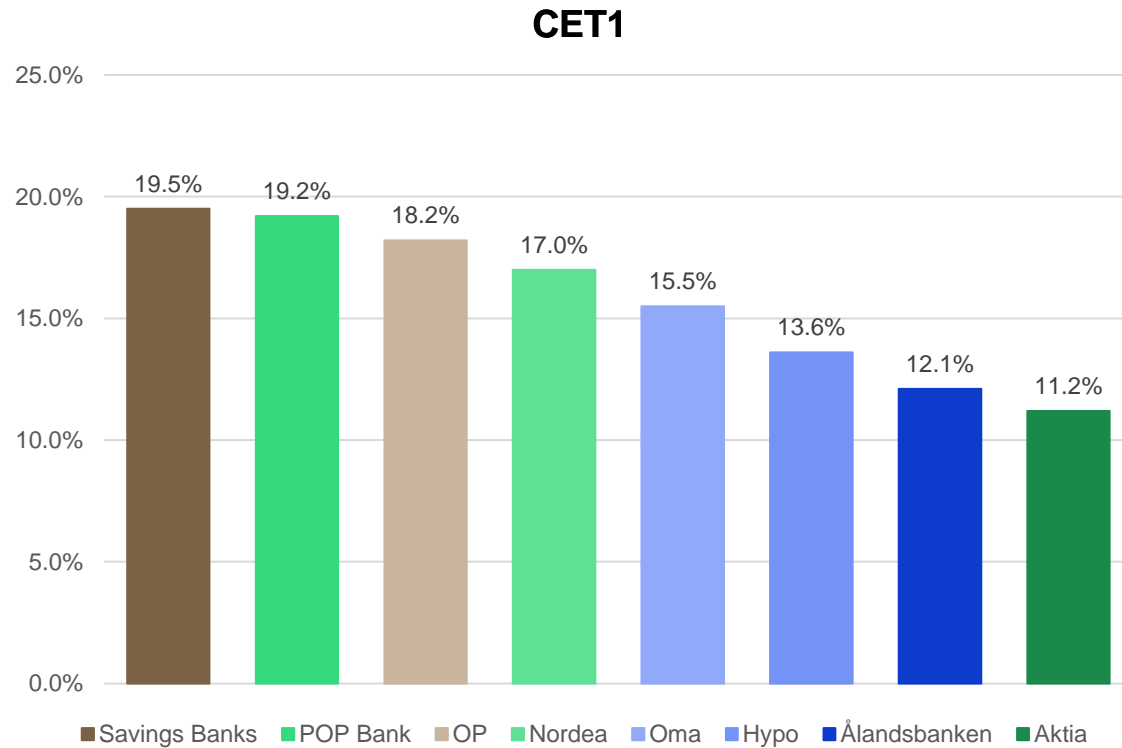
Preventing a shadow economy, corruption and money laundering

- Many of the POP Banks have been part of their local community for over 100 years. The POP Bank Group's mission is to support its customers' financial well-being and local success. This is reflected in the Group's approach to lending, investing operations and the environment.
- The POP Bank Group has been reporting its responsibility work in accordance with the Global Reporting Initiative (GRI) framework since 2020.
- The operational management of matters related to responsibility has been integrated into normal day-to-day business operations. The guidelines are reviewed annually by the Executive Board and the Board of Directors, and policies and principles are updated to support operations as necessary.
- The POP Bank Group has monitored the implementation of the EU's sustainable finance strategy and adjusted its processes to meet the new standards, some of which will enter into force in 2022.
- POP Banks are part of the national Responsible Employee Campaign (Vastuullinen työnantaja) for the third year (2022).
- POP Banks are actively participating as a group to nation-wide programs that support the development of personal financial skills. As a result, for example a guide was produced for the third parties how to safely help people with use of digital banking services. This project was overseen by Finance Finland.
- Bonum Bank Plc has had WWF Green Office certificate since 2020.

Banking Segment



Strong capital position and improving efficiency



POP Bank's cost/income ratio decreased by 18% in 2021 vs 2020

Bonum Bank / POP Bank Group rating – 'BBB/A-2'

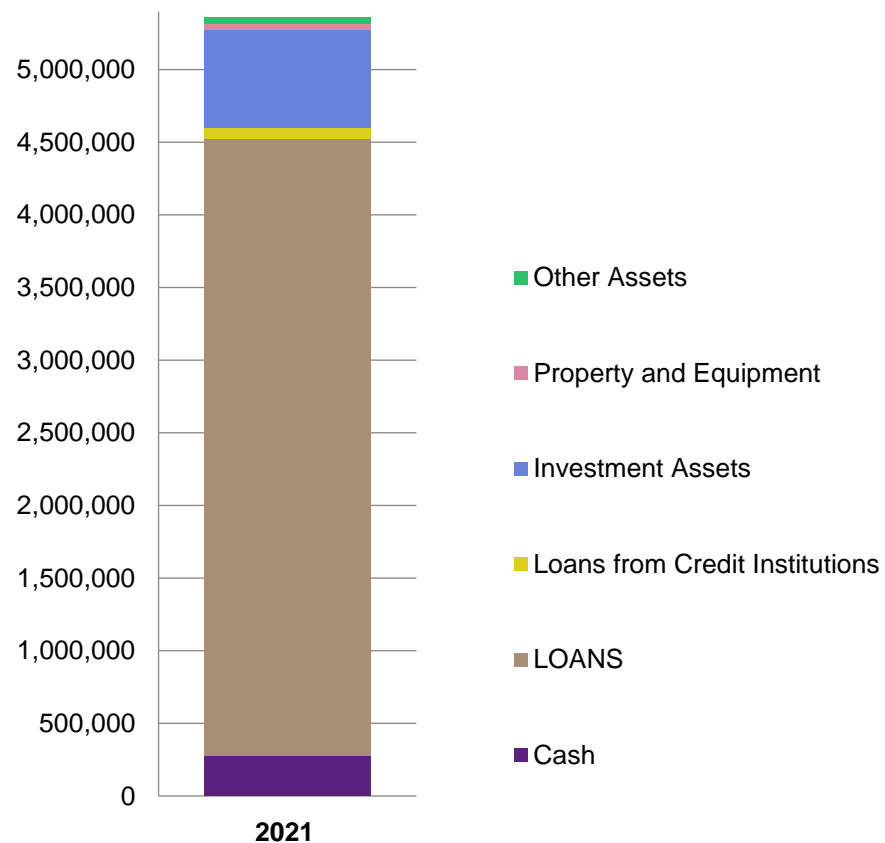
Finnish banks (anchor rating)		A-
• Capital & Earnings (very strong)		+2
• – Very strong capitalization		
• Liquidity & Funding (adequate)		0
• – Stable customer deposit base		
• – Adequate liquidity buffers		
• Risk position (moderate)		-1
• – Regional concentration		
• – Concentration mitigated by sound collateralization and moderate loan sizes		
• Business position (weak)		-2
• – Only in Finnish retail & SME sectors		
• – Weak position in growth centers		
• – Non-life insurance business still small		
• Additional: Weaker earnings profile compared to peers		-1
• POP Bank Group credit rating	BBB (STABLE)	

Major rating factors (from S&P)	
Strengths	
•	Very strong capitalization, which offers a robust buffer to absorb potential losses
•	A solid cooperative business model
•	Sound regional franchise in selected rural areas
Weaknesses	
•	Concentrated business operations focused on lending to individuals and small and midsize enterprises
•	Weak earnings and cost efficiency

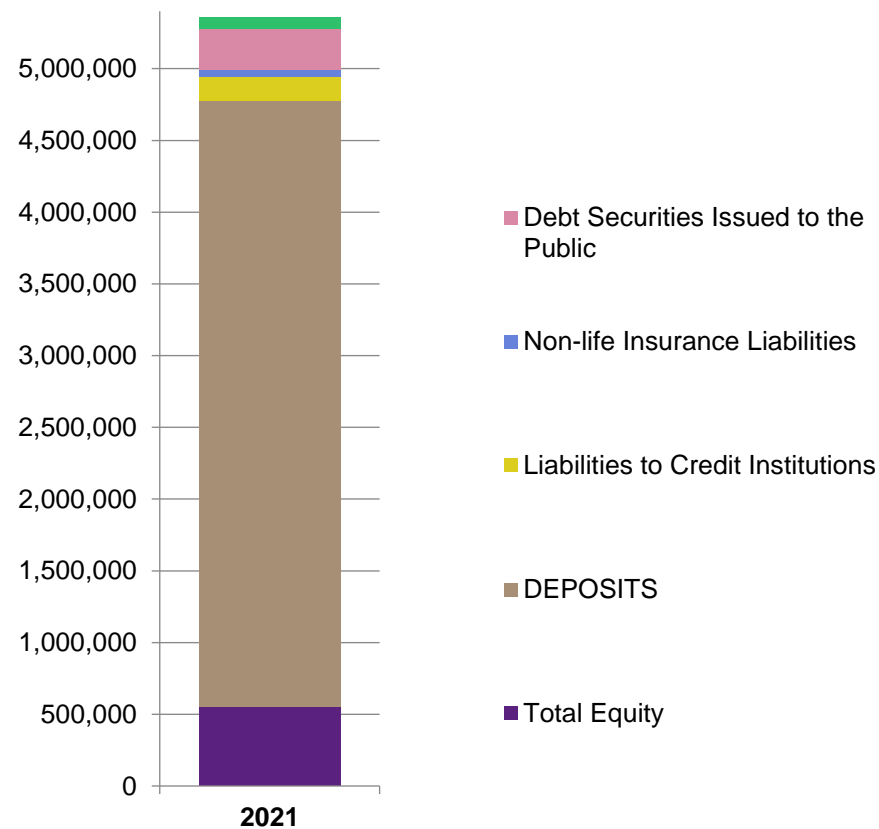
Source: S&P General Ratings Report dated 4 February 2022

Group balance 31st December 2021

Total Assets

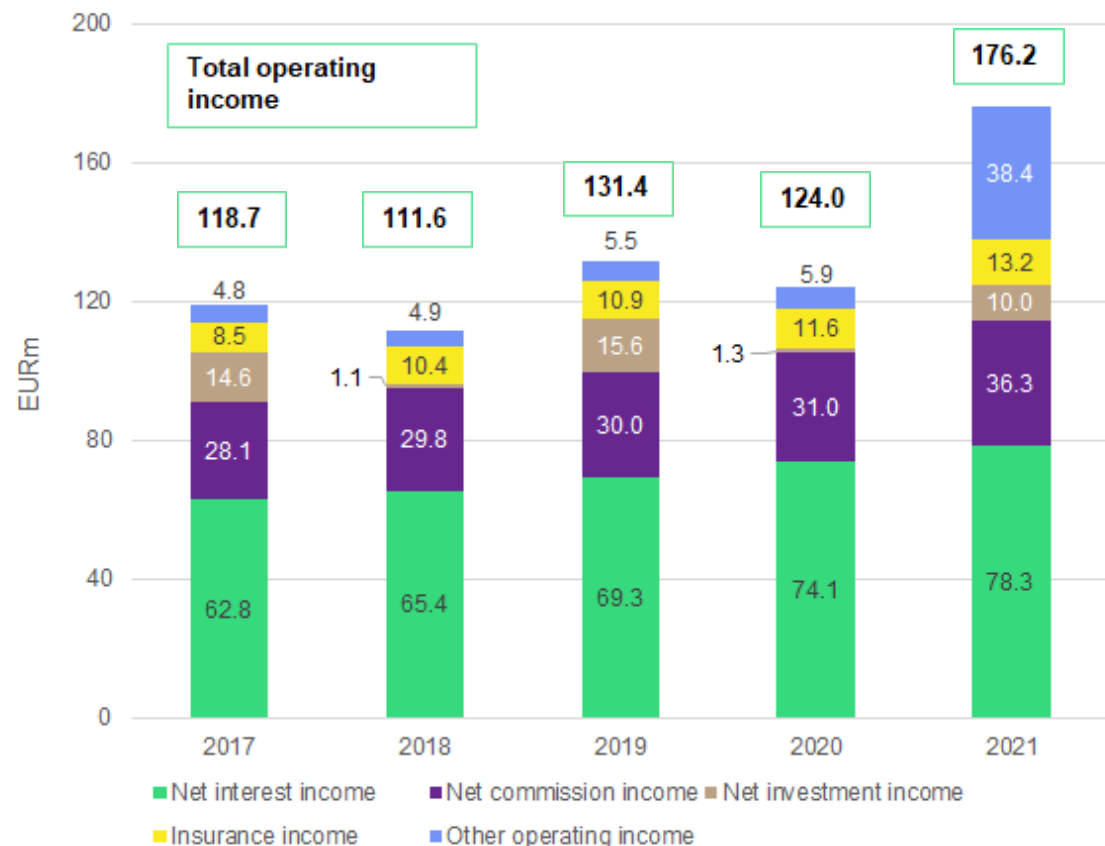


Total Liabilities and Equity



Stable growth and increased operating income

Operating income – POP Bank Group

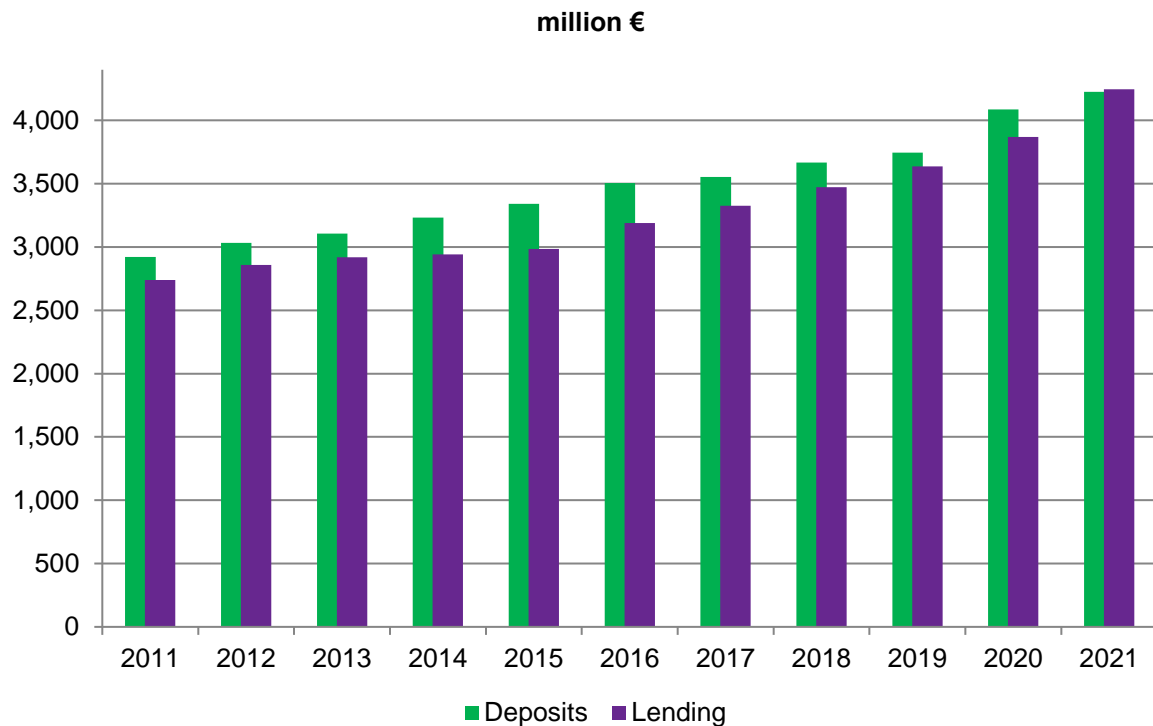


Total assets – POP Bank Group



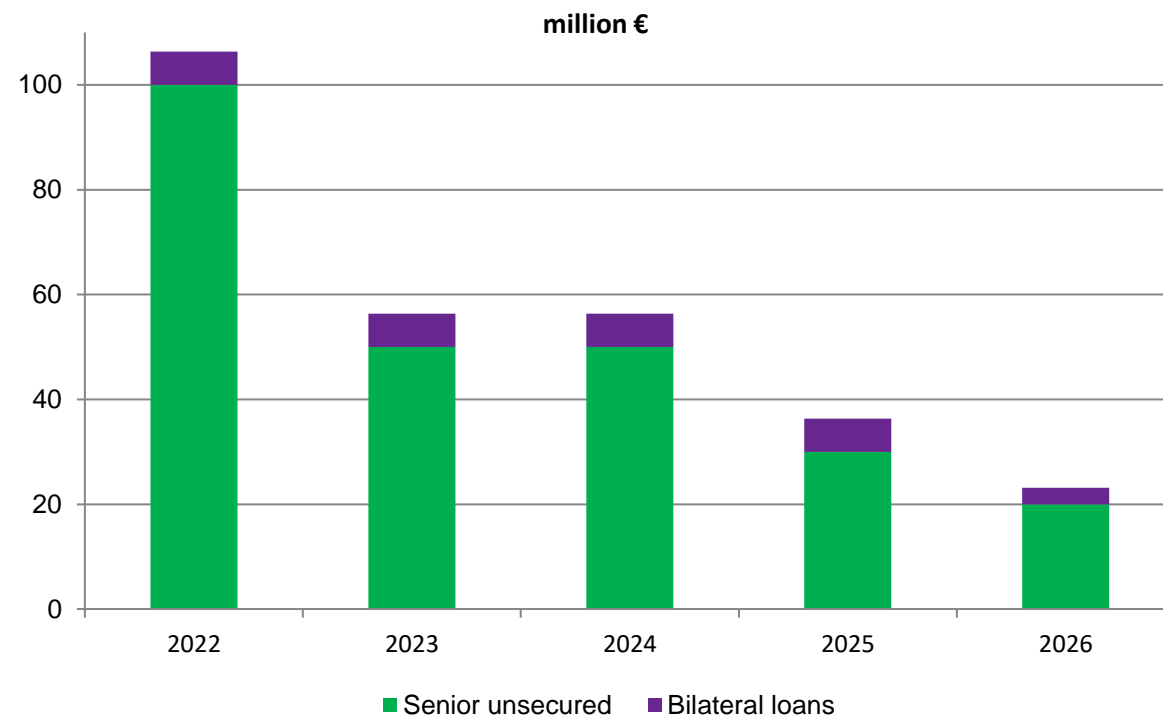
Lending and deposits

LOAN BOOK FUNDED MAINLY WITH DEPOSITS



- Steady growth both in deposits and lendings
- Amalgamation has enabled faster growth in lending

MATURITY PROFILE OF LONG TERM FUNDING

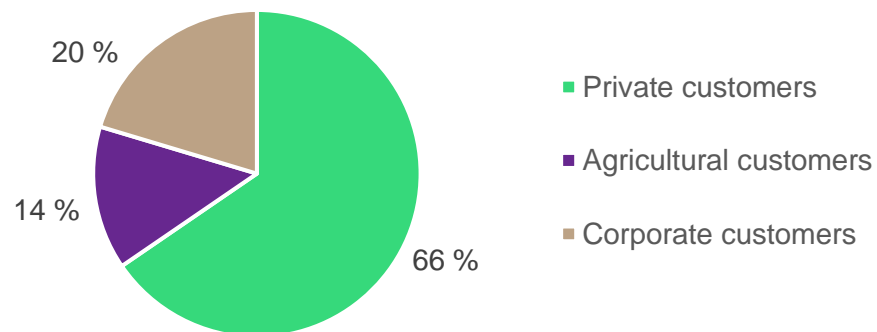
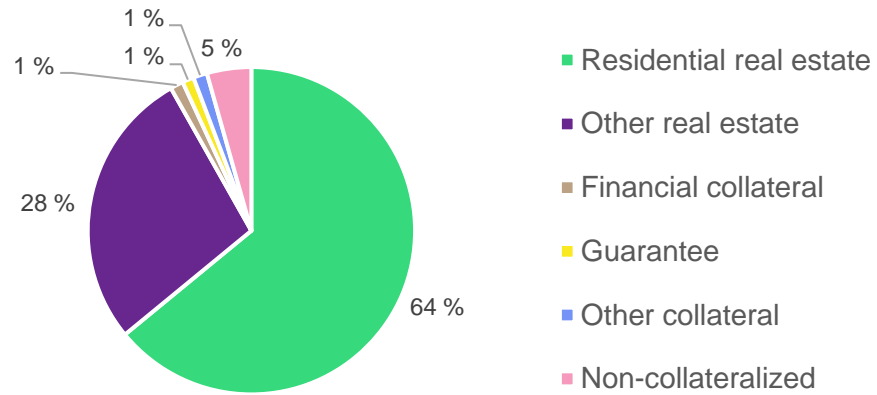


- Funding base has been diversified with an EMTN-program and a CD-program

Low risk and diversified loan portfolio

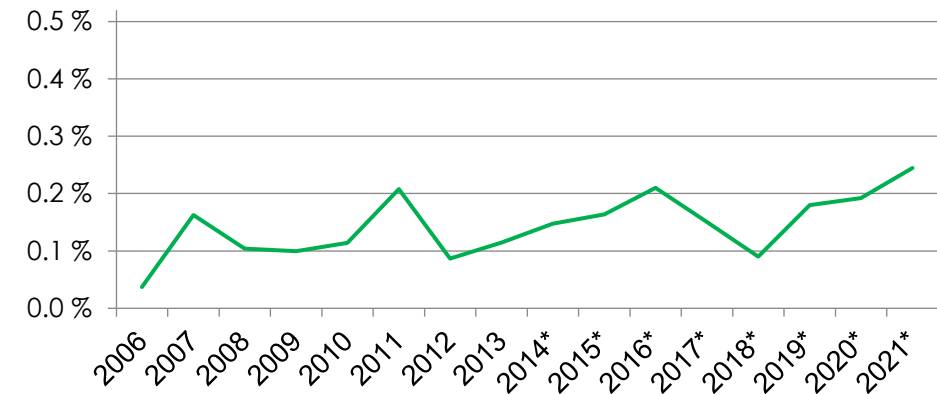
- Individual housing loans are moderate – average €68,500

Loan portfolio structure: collateral and customer

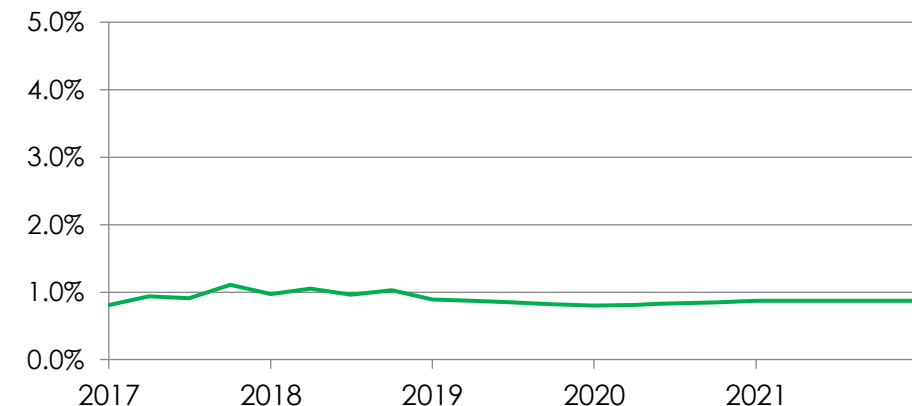


Total loan portfolio EUR 4.2bn

Annual impairment losses, %



Loans over 90 days past due *

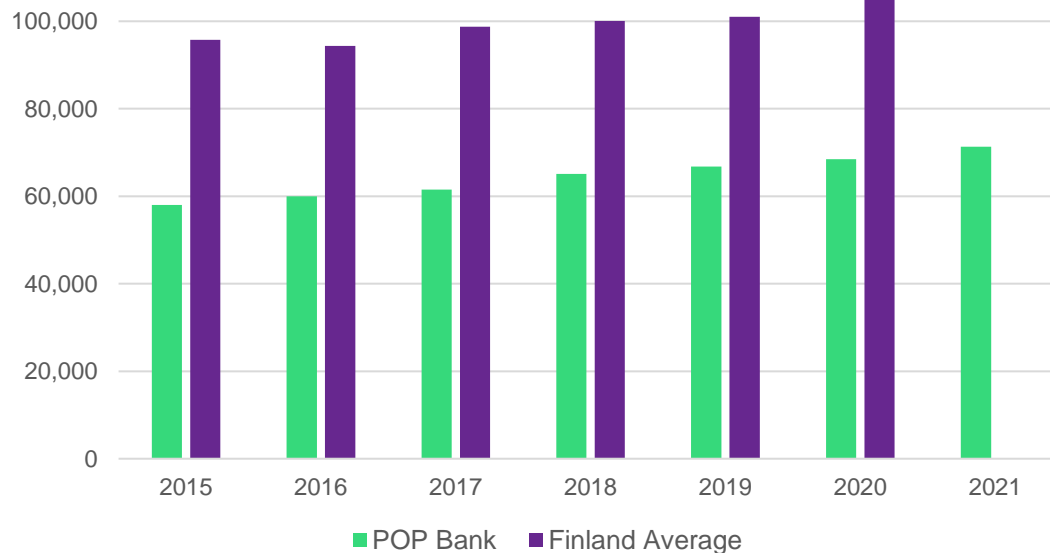


* Data available only for POP Bank Group

Housing loan portfolio

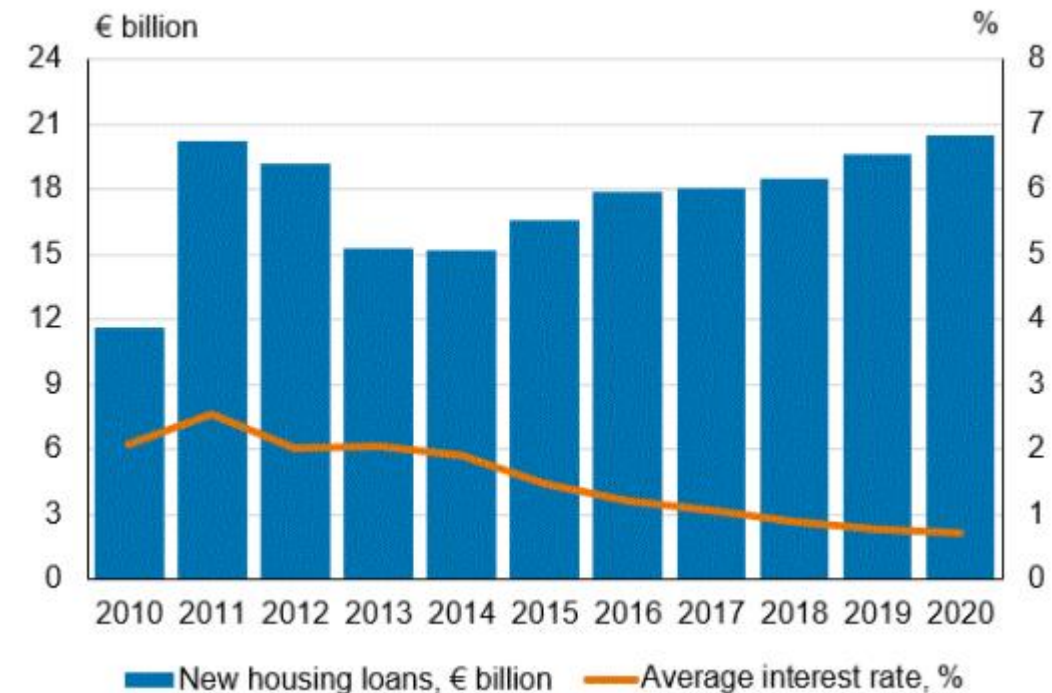
SMALLER AVERAGE SIZE OF HOUSING LOANS AND LOWER PROBABILITY OF PAYMENT DEFAULTS

Average Housing Loan Size, €



- Housing loan portfolio is well diversified; the average size of a housing loan is 68,500 euros compared to 106,000 euros of average size of housing loans in Finland in 2020
- The probability of payment defaults is significantly lower due to smaller average housing loan size

New housing loans withdrawn from Finnish financial institutions



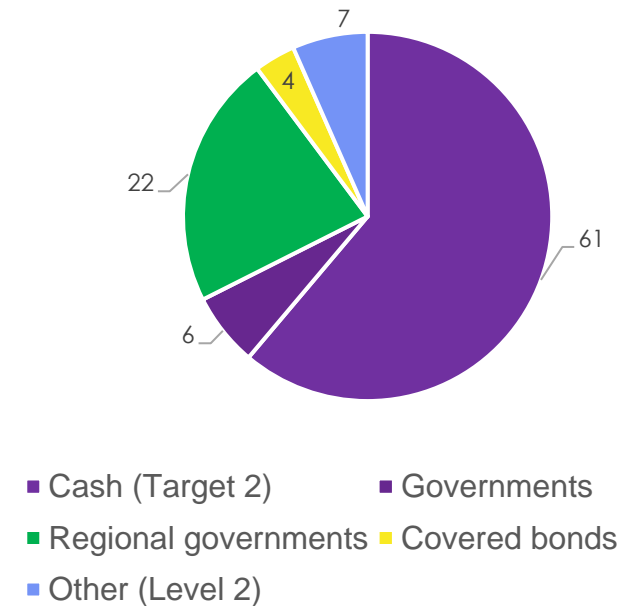
Solid liquidity position

- LCR of the POP Bank Group was 141.3 (191)% as of 31 Dec 2021
- LCR eligible liquid assets were 458 m€ per 31 Dec 2021, of which:

Cash and T2	61.1 (63.0)%
Other Level 1 assets	32.2 (32.4)%
Governments	6.4%
Regional governments	22.2%
Covered bonds	3.6 %
Other Level 2 assets	6.6 (4.7)%

31 December 2020 figures in parentheses

LCR - liquid assets per 31.12.2021



Insurance Segment



POP Bank Group insurance segment - key figures 2021

RAPIDLY GROWING AND HIGHLY SCALABLE DIGITAL BUSINESS MODEL

- Online P&C Insurance company
- Non-life insurance to private customers
- Modern and scalable system, white-labeling readiness
- Established player in car insurances
- Very satisfied customers – 9 out of 10 recommends

Gross Premiums Written
48.0m€
(46.0m€)

Loss Ratio
71%
(73%)

Expense Ratio
21%
(22%)

Operating Profit
5.0 M€
(2.9 €)

Active Customers
171.600
(156,500)

Active Policies
258.200
(238,300)

Customer Retention
77%
(76%)

Premium per Customer
289 €
(300 €)

Personnel
124

Premium per Employee
387 t€

Customers by Channel
Online 64%
Telesales 20%
Banks 10%
Car dealers 6%

Sales Market Share
Motor Insurance 12%

Additional Information About POP Bank Group

Key figures and ratios

Key income figures (EUR 1,000)	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020	1 Jan-31 Dec 2019
Net interest income	78,338	74,099	69,318
Net commissions and fees	36,326	31,049	30,013
Insurance income	13,192	11,611	10,913
Net investment income	10,028	1,298	15,588
Personnel expenses	-50,655	-43,531	-42,843
Other operating expenses	-55,464	-51,978	-47,927
Impairment losses on financial assets	-10,390	-7,468	-6,528
Profit before tax	44,670	12,919	26,150

Key balance sheet figures (EUR 1,000)	31 Dec 2021	31 Dec 2020	31 Dec 2019
Loan portfolio	4,243,829	3,868,147	3,635,488
Deposit portfolio	4,222,364	4,086,045	3,746,305
Insurance contract liabilities	52,692	43,915	38,606
Equity capital	552,809	517,242	508,435
Balance sheet total	5,357,697	5,098,398	4,535,557

Key ratios	31 Dec 2021	31 Dec 2020	31 Dec 2019
Cost to income ratio	68.8 %	83.6 %	75.1 %
Return on assets, ROA %	0.7 %	0.2 %	0.5 %
Return on equity, ROE %	6.9 %	2.2 %	4.3 %
Equity ratio, %	10.3 %	10.1 %	11.2 %
Common equity Tier 1 capital ratio, (CET1) %	19.2 %	19.9 %	19.8 %
Capital adequacy ratio, (TC) %	19.2 %	19.9 %	19.9 %

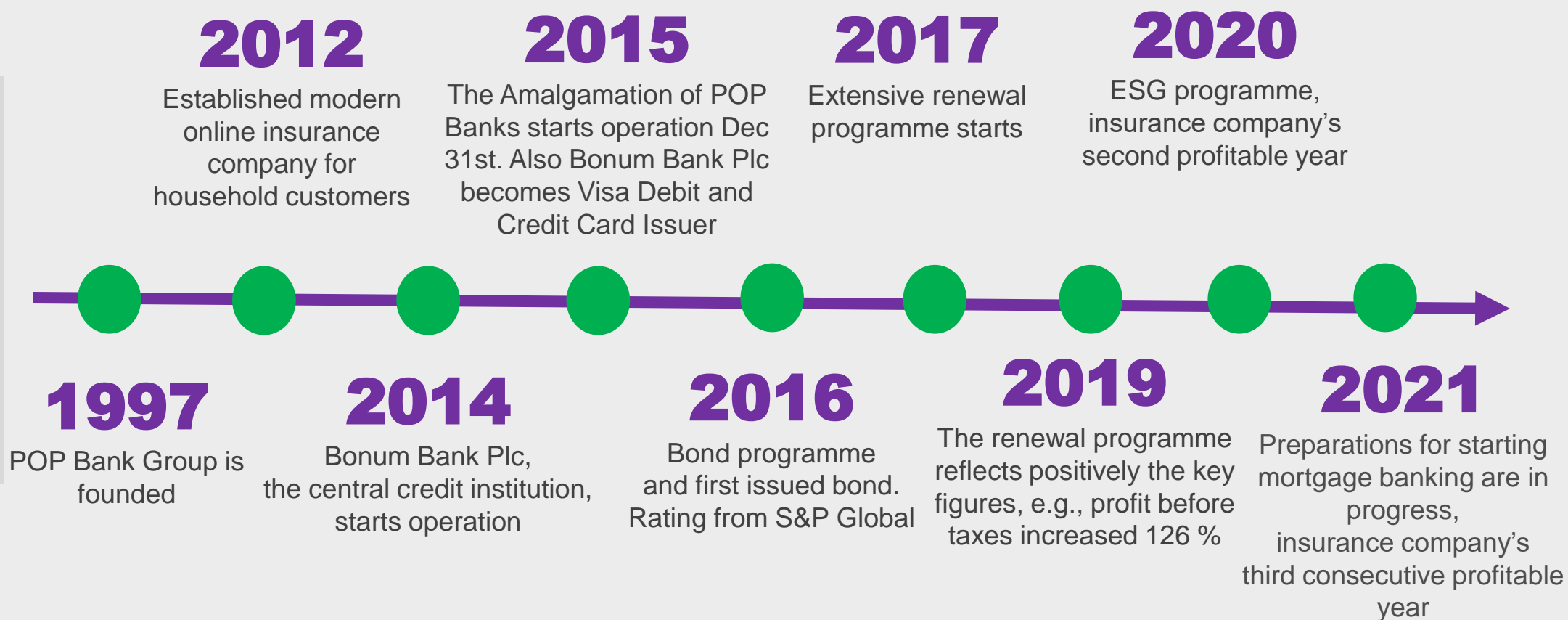
Overview of the POP Bank Group

Group	The POP Bank Group is a Finnish financial group that offers retail banking services for private customers, small and medium-sized enterprises and agricultural, forestry and bioeconomy companies, in addition to providing private customers with non-life insurance services.
Alliance	POP Bank Group consists of 21 cooperative POP Banks, POP Bank Centre coop, central credit institution Bonum Bank Plc and online insurance company Finnish P&C Insurance Ltd (branded POP Insurance). POP Banks formed the amalgamation of POP Banks in December 2015.
History	Cooperative banks are over 100 years old and are owned by the co-operative members. POP Banks focus on customer experience and take pride in having the most satisfied customers in Nordic region and the best customer service in Finland.
Vision and Missio	The Group's vision is to be a bank that combines personal and digital services, thus providing the highest level of customer satisfaction and a rapid decision-making process. The POP Bank Group focuses on building long-term customer relationships and continuously renewing its ways of working to ensure that its vision materialises through its customer service, product offering, pricing and operational efficiency.
Financials	POP Bank Group has a strong financial position, and the capital adequacy is among the best bank groups in Finland.
Rating	S&P Global has affirmed a rating 'BBB' to Bonum Bank Plc with stable outlook.

POP Bank Group's timeline

**1902
-1933**

Individual co-operative banks were founded that now are part of the POP Bank Group



The Amalgamation of POP Banks

THE AMALGAMATION STRUCTURE ENABLES A SINGLE POINT OF ACCESS TO FUNDING, INTERNAL BANK AND COST EFFICIENT OPERATIONS

Amalgamation	POP Banks established an amalgamation, as defined in the Act on the Amalgamation of Deposit Banks (599/2010), on 31 December 2015.
Central Institution's role	As the central institution, POP Bank Centre coop is obliged to supervise and instruct the member banks according to the Act. Responsibilities include (among others): <ul style="list-style-type: none">• Risk Management• Corporate Governance• Liquidity and Capital Adequacy• Internal Auditing
Joint Liability	<p>POP Bank Centre coop (the central institution) and all member banks (21 POP Banks and Bonum Bank) are jointly liable for each other's debt.</p> <p>In the case of insolvency of the POP Bank Centre coop, the member banks have unlimited liability to pay the debts of POP Bank Centre coop.</p>
Capital Ratio	POP Bank Centre coop is, as the central institution, responsible for the group's joint capital ratio.
Obligation	If a member bank fails to meet its obligations, a creditor may demand payment from POP Bank Centre coop. Other member banks are obliged to participate in the central institution's supporting actions.

Contemplated Transaction

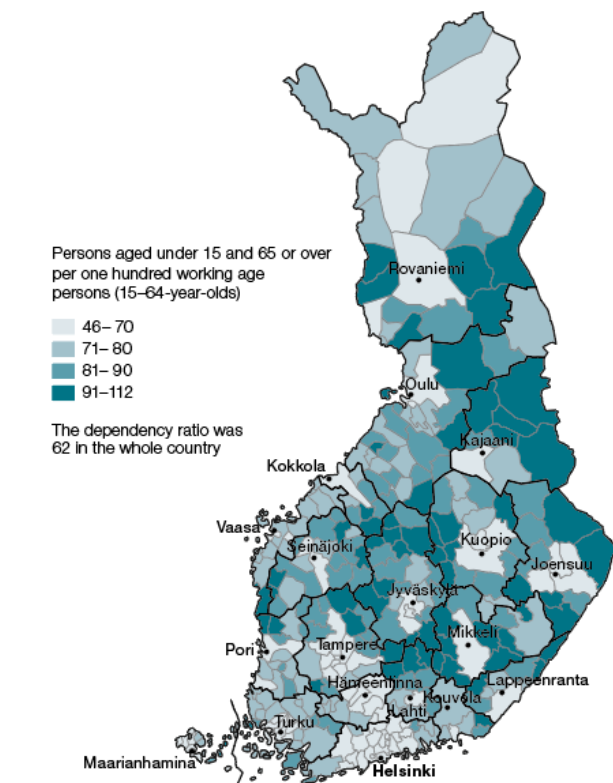
Indicative key terms and conditions

Issuer:	Bonum Bank Plc
Status:	Senior Preferred MREL Eligible Notes, Floating Rate
Issuer Rating:	BBB (stable) by S&P
Exp. Issue Rating:	BBB by S&P
Amount:	EUR 100-150m expected
Tenor:	[3NC2] years
Coupon:	3mE + []% payable quarterly, ACT/360, modified following, adjusted
Redemption Price:	100%
Documentation:	Issuer's EUR 750m MTN programme for the Issuance of Senior Preferred MREL Eligible Notes
Listing / Clearing:	Nasdaq Helsinki / Euroclear Finland
Denominations:	EUR 100,000 + EUR 100,000
Target Market:	MiFID II Eligible counterparties and professional clients only
Lead Manager:	Nordea

Market information

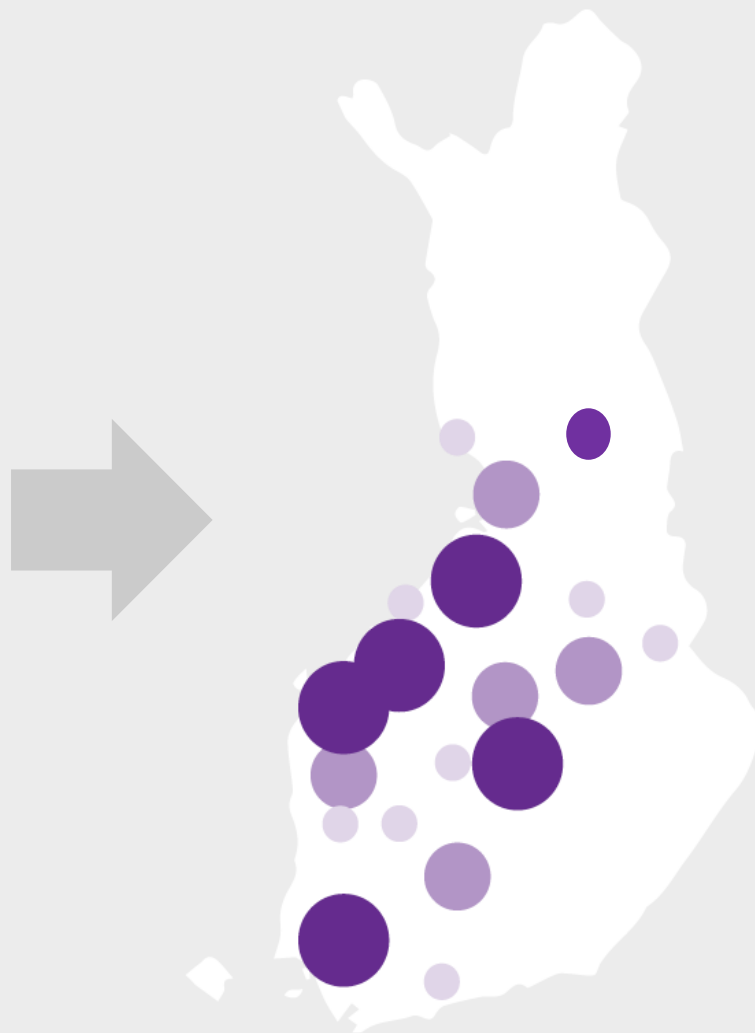
POP Banks in Finland

Demographic dependency ratio by municipality, 2020



Regional division as on 1 January 2021

Source: [Statistics Finland, Population structure](#)

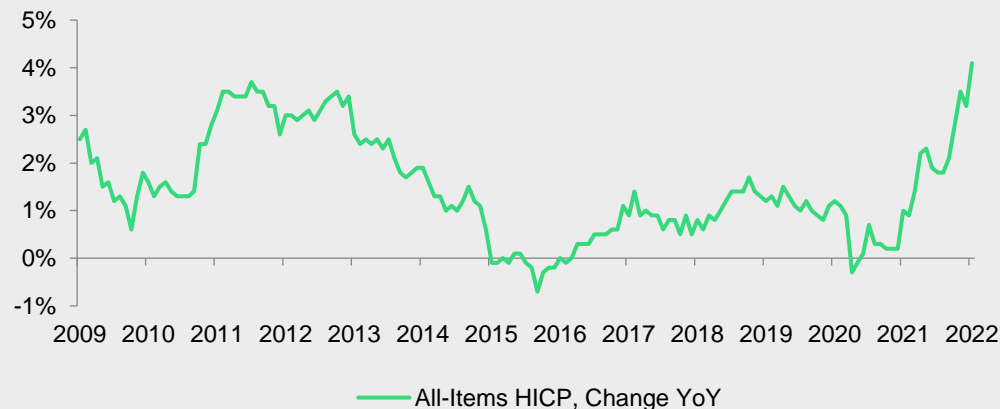


POP Banks have active bank office network in the more demographically vital regions around growth centers of Western, Central and Southwestern Finland. Less exposure to Eastern Finland.

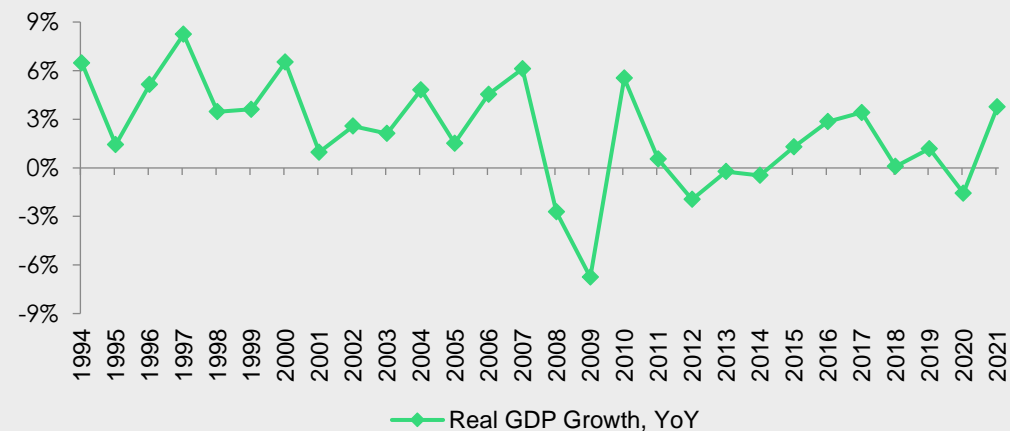
Via digital bank office concepts, banks serve customers cross the country.

Growth and improving employment in Finland

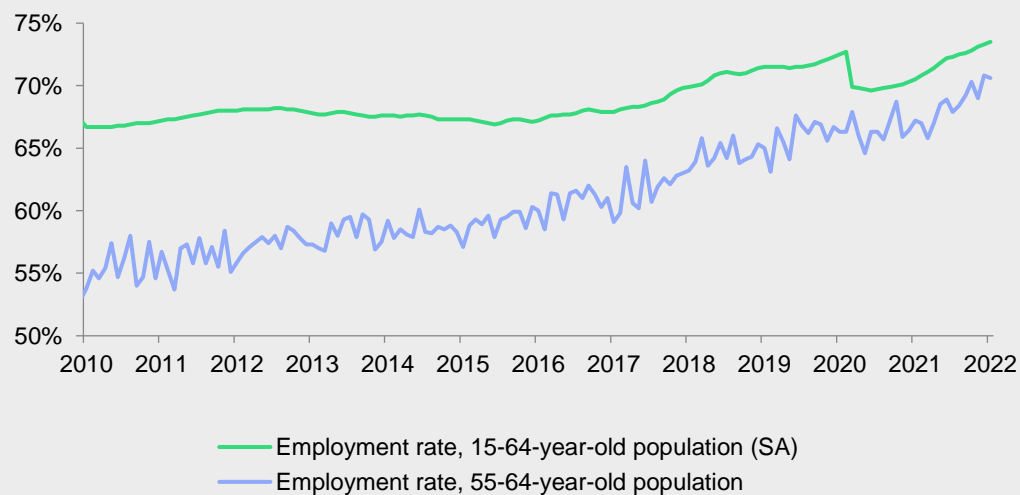
Inflation



GDP growth



Employment rate



Unemployment rate

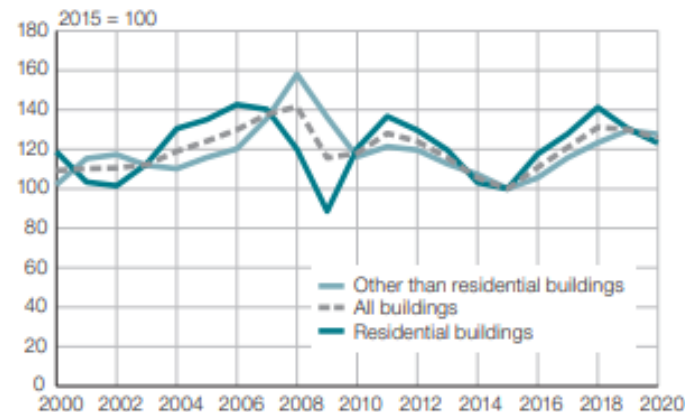


Finnish housing market

Completed buildings and dwellings

	2000	2010	2019	2020
All buildings, mil. m³	38.81	34.83	35.59	35.86
Residential	13.51	10.98	13.23	12.49
Commercial and office buildings	6.18	5.53	6.16	4.57
Industrial buildings and warehouses	8.10	7.30	7.41	8.46
Other	11.01	11.02	8.79	10.34
All dwellings, number	35 259	25 213	42 933	39 031
Detached and semi-detached houses	18 092	13 418	10 830	10 272
Blocks of flats	16 748	11 140	31 575	28 097
Residential buildings for communities	18	213	-	-
Dwellings of special groups	-	85	208	161
Other than residential buildings	401	357	320	501

Volume index of newbuilding



Source: Statistics Finland, Building and dwelling production

Prices of dwellings in blocks of flats

Unencumbered average prices

	Old dwellings Helsinki region €/m²	Rest of Finland €/m²	New dwellings Helsinki region €/m²	Rest of Finland €/m²
2016	3 584	1 582	5 168	3 733
2017	3 718	1 598	5 206	3 859
2018	3 874	1 598	5 450	3 997
2019	3 966	1 590	5 873	4 073
2020	4 152	1 590	6 262	4 238

Real estate prices

	Old single-family houses		Single family house plots	
	Average price €/residential m²	Real price index 2015 = 100	Average price €/residential m²	Real price index 2015 = 100
2016	1 549	99.8	21.2	97.8
2017	1 560	97.7	22.7	96.9
2018	1 545	95.0	23.5	101.1
2019	1 588	92.9	22.4	96.9
2020	1 629	94.0	23.1	103.9

Average rents of rented dwellings

	Government-subsidised dwellings		Non-subsidised dwellings	
	Helsinki region €/m²/month	Rest of Finland €/m²/month	Helsinki region €/m²/month	Rest of Finland €/m²/month
2016	12.42	10.51	17.49	11.51
2017	12.74	10.72	18.39	12.29
2018	12.98	10.80	18.78	12.58
2019	13.10	10.92	19.29	12.85
2020	13.29	11.05	20.12	12.99

Housing benefits, at 2020 prices
2000 1.1 billion euro
2020 2.2 billion euro

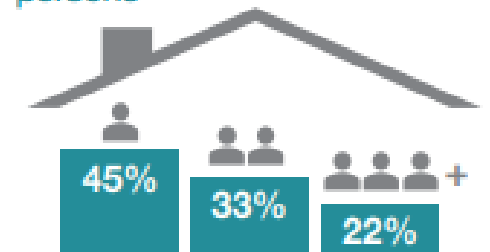
Sources: Statistics Finland: Prices of dwellings in housing companies, Real estate prices, Rents of dwellings; Kela, The Social Insurance Institution of Finland

Total earnings of wage and salary earners 2019 median

Men 3 460
Women 2 896



Size of household-dwelling unit 2020 persons



Average age of first-time homebuyers 2019

29.7 years



Average housing loans of household-dwelling units 2019

102 240 euro per household-dwelling unit



Contact information

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